MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2021/2022

BBL 3614 – COMPANY LAW AND SECRETARIAL PRACTICES

(All Sections / Groups)

22 NOVEMBER 2021
09:00 a.m. – 12:00 p.m.
(3 hours)

INSTRUCTIONS TO STUDENT:

1. This Question paper consists of **3** pages excluding the cover page.

2. Answer **ALL FOUR (4)** questions. All questions carry equal marks and the distribution of the marks for each question is given.

3. Please write all your answers in the Answer Booklet provided.

QUESTION 1

Twilight Sdn. Bhd. is a food manufacturing company with seven shareholders, of whom Bella, Edward, Jacob and Jesper are the directors. The company has produced vegetarian Halal foods and exported their products to other countries before the pandemic to promote a healthy lifestyle. However, there has been a sharp drop in the company's financial performance since the Movement Control Order was imposed, affecting the company's operational status. The executive director, Bella, is concerned about the deteriorating state of the company. Upon scrutiny, the following irregularities have come to light.

In early 2018, the company entered into a contract with a supplier of organic wheat and rice called Saga Manufacturer. Unknown to the company, Saga Manufacturer is owned by Jacob's uncle. Jacob receives a 0.1% bonus from his uncle for each delivery.

Jesper was sent to Indonesia to explore the possibility of securing a multi-million contract with the Indonesian government to supply their products in Bali. Upon his return, he was informed that the contract was unsuccessful and was awarded to a local company from Indonesia. However, it was discovered that the contract was awarded to another Malaysian company, Nutritious Hale. The majority shareholders of Nutritious Hale are Jesper and his sister.

In September 2020, the company sold some of its unpopular products to a buyer for RM50,000 with the board of directors' approval, except Bella. The actual value is estimated at RM250,000. However, the shareholders of the company were not consulted at all.

Bella confronted her fellow directors and questioned them on the irregularities but was threatened not to take any legal action against them. Instead, Bella wants to know whether the directors have committed any breach of duties under the Companies Act 2016. Advise Bella.

(25 marks)

(Total: 25 marks)

Continued …

QUESTION 2

(a) Emmett, Alice, Charlie and Jessica formed a company known as Eclipse Sdn. Bhd. Emmett and his sister, Alice, became the executive directors and the company's majority shareholders by holding 68% of the company's issued shares. As the minority shareholders, Charlie and Jessica discover certain misconduct in the company. Without consulting the other members, the board of directors passed a resolution to issue 200,000 ordinary shares to Carlisle, Emmett's cousin. The purpose was to dilute the combined shareholding of Charlie and Jessica. Two weeks ago, the company held a general meeting, and notice of the meeting was not sent to Jessica.

Advise the minority shareholders on the available remedies under the Companies Act 2016 against the majority shareholders, namely Emmett and Alice.

(15 marks)

(b) Renesmee was appointed as the sole auditor of Dawn Systems Sdn. Bhd., a company involved in manufacturing audio systems for motorcars. During the audit, she discovers certain transactions that may breach the Companies Act 2016 and raises her concerns to the board of directors. Unpleased with her conduct, the company's directors wish to replace her. Advise the company on the procedure to remove Renesmee.

(10 marks)

(Total: 25 marks)

QUESTION 3

You are the secretary of Tegar X Bhd. Tegar X Bhd has five directors, and all of them are the company's shareholders. The shareholders intend to remove Cynthia Chan as director of the company because of her poor performance in the EGM. As a company secretary, you are required to:

(a) Discuss the procedure for the removal of Cynthia Chan as a director

(10 marks)

(b) Prepare the special notice for the removal of Cynthia Chan as a director.

(10 marks)

(c) Explain how the company can appoint a new director for Tegar X Bhd.

(5 marks)

(Total: 25 marks)

Continued …

QUESTION 4

(a) Chua would like to transfer his shares in Megah Holding Bhd to his son. However, the board of directors refused to permit the registration and gave no reason for their refusal.

Discuss whether the company has the right to refuse the registration of transfer of shares.

(10 marks)

(b) Kayangan Bina Bhd is a construction company. The company has financial difficulties due to pandemic Covid-19. The price of material also has increased sharply. Consequently, the company has not been able to pay its creditors for the past three months. Zaki, one of the company's creditors, wishes to petition for a winding up of the company. Advise Zaki.

(10 marks)

(c) Discuss the duty of the company secretary in maintaining the registered office.

(5 marks)

(Total: 25 marks)

End of Paper